

**Letter to Counsel in a Case Handled Directly by the
Tax Division Where Payment is Due the United States
Pursuant to Settlement**

Re: _____

Dear Mr/Mrs./Miss/Ms. (Name):

This refers to your offer dated _____,
submitted on behalf of _____ to settle the
[above-entitled case(s)] [Internal Revenue Service's claim
asserted in the above-entitled case(s) [against _____
_____ for [_____ (tax(es)) [§ 6672 penalty
with respect to (name of corporation) _____
] for the period _____] [against (describe the
particular fund or property which is the subject of the
settlement) _____]] on the
following basis:

This offer has been accepted on behalf of the Attorney
General [on condition that payment be made within 30 days from
the date of this letter] [and] [with the understanding that (no
part of the payment is deductible for federal income tax
purposes) (this settlement does not constitute a compromise of
the tax liability of _____)]. 1/ The
[Acting] [Chief] [District] Counsel, Internal Revenue Service,
[and the United States Attorney] [has] [have] been notified of
this action.

[Please deposit with this office within 30 days of this date
of this letter] [unless offer or condition specifies different
date] a cashier's or certified check payable to the "Internal
Revenue Service" in the amount of \$_____ and bearing a
notation as to the taxpayer's [social security number]
[identification number] 2/ [The first installment payment under

1/ Ideally, the timing of the payment should be covered in the
offer, and, if not in the offer, in the acknowledgment letter.
There is a danger in imposing a condition to the acceptance
since, in effect, it constitutes a counteroffer and, thus, there
may not be a binding contract. On the other hand, if the timing
of the payment is not covered in the offer or by a condition of
acceptance, payment may not be made until some time in the
distant future. Generally, payment should be required within
30 days. Similarly, it is preferable that the matter of
attorneys' fees and nondeductibility of the payment be resolved
by the acknowledgment letter.

2/ See Tax Division Settlement Reference Manual, Chapter V, Part
D, for directions as to where payments should be sent.

the settlement is due on _____. That payment and each succeeding payment (also) should be by a cashier's or certified check payable to the "Internal Revenue Service" and bearing a notation as to the taxpayer's [social security number] [identification number] and (also) should be sent to this office.]

[OR]

[The first installment payment under the settlement is due on _____. That payment and each succeeding payment (also) should be by a cashier's or certified check payable to the "Internal Revenue Service" and bearing a notation as to the taxpayer's [social security number] [identification number]. [The first installment payment should be sent to this office, and each succeeding payment should be sent to the Internal Revenue Service, (P.O. Box _____,) (address) _____, (city) _____, (state) _____ (zip code) _____. Attention: _____.]

[The payments required under the collateral agreement (also) should be sent to the Internal Revenue Service, [(P.O. Box _____,) (address) _____, (city) _____, (state) _____ (zip code) _____. Attention: _____] [at the above address].]

[There are enclosed an original and one copy of a stipulation for dismissal of [the above-entitled case(s)] [the Internal Revenue Service's claim described above] with prejudice. Please execute the original and return it to this office. Upon receipt of the amount due, we will execute the stipulation and file it with the court, returning an executed copy to you.] [The Internal Revenue Service will [release the lien(s) against (name of taxpayer) _____ for the [tax(es)] [penalty] at issue in this case] [discharge (describe fund or property involved) _____ from the lien(s) against (name of taxpayer) _____ for the [tax(es)] [penalty] at issue in this case].] 3/

[OR]

[There are enclosed an original and one copy of a stipulation for entry of judgment in the Government's favor (for the

3/ A lien should be released only when the tax liability is going to be totally extinguished as a result of the settlement. On the other hand, property should be discharged from the lien when the lien will no longer attach to that property as the result of the settlement, but will otherwise remain in full force and effect.

full amount of its claim). 4/ Please execute the original and return it to this office within 30 days of the date of this letter for filing. We will request the clerk to forward to the parties a copy of the judgment when it is entered. Upon receipt of the total amount due under this settlement [including amounts due under the collateral agreement], we will file a satisfaction of judgment with the court [and the Internal Revenue Service will [release the lien(s) against (name of taxpayer) _____ for the [tax(es)] [penalty] at issue in this case] [discharge (describe fund or property involved) _____] from the lien(s) against (name of taxpayer) _____] for the [tax(es)] [penalty] at issue in this case]. 5/

Sincerely yours,

[NAME OF ASSISTANT ATTORNEY GENERAL]
Assistant Attorney General
Tax Division

By:

[NAME OF CHIEF OF SECTION]
Chief, _____ Section
_____ Region

Enclosures

cc: United States Attorney
[District] [Chief] Counsel

4/ If the settlement is based solely on collectibility, judgment should be entered for the full amount of the Government's claim, plus interest, the judgment to be marked satisfied when the total amount to be paid in compromise, including amounts due under a collateral agreement, has been received.

5/ See footnote 3.